

**From:** Snook Jim M Civ AFCESA/CESM <Jim.Snook@tyndall.af.mil>  
**To:** "Jean Gray (E-mail)" <gray@wapa.gov>  
**Date:** 5/6/04 5:34AM  
**Subject:** Parker Davis Amendment Language

Jean,

In our phone conversation last week you asked if we could provide language to eliminate the concern with the Section 12 in the Parker Davis amendment.

> The language to be added to the agreement in Paragraph 12 is "12. REVIEW  
> AND ADJUSTMENT OF FEDERAL POWER ALLOCATION." Section 12.2 reads:  
> "Notwithstanding any other provision of the Contract to the contrary,  
> Western's Administrator reserves the right to adjust Western's firm  
> electric service obligations under this contract as he or she deems  
> appropriate, if the Contractor's status, as of the date of execution of  
> his Contract/Amendment, changes in some manner, including but not limited  
> to . . . (5) selling, leasing, or otherwise disposing of its, or a  
> member's, electric distribution system."  
>  
> As you know the DoD is in the process of evaluating utility privatization  
> at many of our installations. This privatization is being implemented  
> according to the guidance of the DoD under the Federal statute 10 USC 2688  
> (Utilities Privatization) and 10 USC 2872a (Housing Privatization -  
> Utility Service). A particular privatization proceeds when it is  
> economically beneficial to the government.  
>  
> We are concerned that the fifth condition will be cited as a reason that  
> the DoD utility and housing privatization initiatives would be in  
> violation of the contract. If the following could be added after  
> condition five, it would make it clear that the DoD utility and housing  
> privatization, in and of itself, is not a violation of the contract.  
>  
> "Utility or housing privatization by a DoD preference entity under  
> authority of 10 USC 2688, 10 USC 2872 or other Congressional authority  
> will not effect its status provided the entity complies with the other  
> terms of this contract and the Reclamation law."

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Jim

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